

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4398-03  
Bill No.: HCS for SCS for SB 1225  
Subject: Law Enforcement Officers and Agencies; Salaries; Saint Louis; Employees -  
Employers  
Type: Original  
Date: May 6, 2004

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**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government</b>	<b>\$0 or (\$3,500,000)</b>	<b>\$0 or (\$4,200,000)</b>	<b>\$0 or (\$4,200,000)</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials of the **City of St. Louis** stated this proposed legislation would increase the current Police Officer salary matrix by \$1,500 across-the-board. Per the St. Louis Metropolitan Police Dept. this would increase SLPD salary costs by \$2.2 million and with step increases of \$700,000 the total annual cost would be \$2,900,000. In addition to this cost, Article XVIII, Section 31 of the City Charter requires that uniformed firefighters receive pay in parity with police officers. Therefore, uniformed firefighters will be eligible for the same pay increases as police. Based on a uniformed firefighter force of 631 firefighters the additional cost in pay would amount to approximately \$1,000,000 plus matrix step increases of \$300,000 would bring the total potential impact of this legislation to \$4.20million.

Cost estimates are summarized below:

	<b>FY05</b>	<b>FY 06</b>	<b>FY 07</b>
Uniformed Police			
Base Salary Increase	\$2.20 mil.	\$2.20 mil.	\$2.20 mil.
Matrix Step Increase	<u>0.70 mil.</u>	<u>0.70 mil.</u>	<u>0.70 mil.</u>
Total Cost	\$2.90 mil..	\$2.90 mil	\$2.90 mil.

ASSUMPTION (continued)

Uniformed Firefighters			
Base Salary Increase	\$1.0 mil.	\$1.0 mil.	\$1.0 mil.
Matrix Step Increase	<u>\$0.3 mil.</u>	<u>\$0.3 mil.</u>	<u>\$0.3 mil.</u>
	\$1.3 mil.	\$1.3 mil.	\$1.3 mil.
<b>Total Cost to City</b>	<b>\$4.2 mil.</b>	<b>\$4.2 mil.</b>	<b>\$4.2 mil.</b>

Officials from the **St. Louis Metropolitan Police Department (St. Louis Police)** state if the Board of Police Commissioners was to pay an additional \$1,500 per year for each officer, the cost would be approximately \$2.3 million dollars annually and **there would be no cost to the Department for the Police Chief's and Officers Annuity Fund.**

**Oversight** assumes the additional salary increase is not mandatory as the Board of Police Commissioners may authorize the additional compensation. Therefore, **Oversight** is ranging the cost between \$0 and \$4,200,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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**CITY OF ST. LOUIS**

<u><b>Costs - St. Louis Police Department</b></u>	\$0 or (\$2,416,668)	\$0 or (\$2,900,000)	\$0 or (\$2,900,000)
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Increase in salary

<u><b>Costs - St. Louis Fire Department</b></u>	\$0 or (\$1,083,333)	\$0 or (\$1,300,000)	\$0 or (\$1,300,000)
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Increase in salary

<b>Estimated Net Effect to City of St. Louis *</b>	<u><b>\$0 or (\$3,500,000)</b></u>	<u><b>\$0 or (\$4,200,000)</b></u>	<u><b>\$0 or (\$4,200,000)</b></u>
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## **POLICE CHIEF'S AND OFFICER'S ANNUITY FUND**

### **Income to Police Chief's Fund**

from contributions and \$7 surcharge in criminal cases	Unknown	Unknown	Unknown
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### **Cost to Police Chief's Fund**

Administration, Benefit Payments,	(Unknown)	(Unknown)	(Unknown)
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<b>Estimated Net Effect to Police Chief's and Officer's Annuity Fund **</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>
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**\* Oversight assumes salary increases would be permissive.**

**\*\* Oversight assumes the Annuity Fund would be actuarially sound and would either have an annual \$0 or positive Fund balance.**

### **FISCAL IMPACT - Small Business**

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### **DESCRIPTION**

This substitute increases by \$1,500 the maximum amount of compensation payable to St. Louis police officers.

The substitute also creates the Police Chiefs' and Officers' Annuity Fund which will be funded by member contributions of \$20 per month and a \$7 surcharge in all criminal cases, including infractions and ordinances. The surcharge will not be assessed when the costs are waived or are paid by the state, a county, or a municipality. A six-member board of police officers and police chiefs will oversee the fund; hire an executive director; and contract for the services of an actuary, investment counsel, and certified public accountant. The fund will make payments of \$500 per month for five years to eligible members. The substitute specifies the terms of eligibility and how creditable service is determined. Eligible members can start drawing the annuity five years after its creation. An eligible member's estate or designated beneficiary may receive a death benefit of \$10,000.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

RWB:LR:OD (12/02)

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SOURCES OF INFORMATION

City of St. Louis  
St. Louis Metropolitan Police Department

NOT RESPONDING

None

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
May 6, 2004